

EXHIBIT

A

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MASSACHUSETTS**

INSITUFORM TECHNOLOGIES, INC.,)	
)	
Plaintiff,)	
)	
v.)	Case No. 04 10487 GAO
)	
AMERICAN HOME ASSURANCE)	
COMPANY,)	Jury Demanded
)	
Defendant.)	

INSITUFORM'S INITIAL DISCLOSURE

Plaintiff Insituform Technologies, Inc. ("Insituform"), by its counsel, makes the following disclosure pursuant to Rule 26(a) of the Federal Rules of Civil Procedure.

A. Insituform identifies the following individuals believed to have discoverable information that Insituform may use to support its claims:

<u>Witness</u>	<u>Address/Phone No.</u>	<u>Information /Subject Matter</u>
Juanita M. Britton	175 Water Street, 22 nd Floor New York, New York 10038 (212) 458-3725	AIG Claims Representative: American Home Denials
Margaret Hoeler	Unknown	AIG Claims Representative: Insituform Notice of Claim.
Barry Schnurman	Last know address: Three City Place Drive Suite 900 St. Louis, MO 63141 (314) 432-05000	Former Lockton Employee: Notice of Claim
Lawrence Butler	702 Spirit 40 Park Drive Chesterfield, MO 63005 (636) 530-8000	Insituform Risk Manager: Insurance Policies and Notice of Claim

<u>Witness</u>	<u>Address/Phone No.</u>	<u>Information /Subject Matter</u>
Lynn Osborn	702 Spirit 40 Park Drive Chesterfield, MO 63005 (636) 530-8000	Insituform Engineer: MWRA Contract and EBBS Project
Richard Baxter	702 Spirit 40 Park Drive Chesterfield, MO 63005 (636) 530-8000	Insituform Engineer: MWRA Contract and EBBS Project

B. Insituform possesses the following the documents at 702 Spirit 40 Park Drive, Chesterfield, Missouri 63005 that it may use to support its claims: American Home policy BE 3206923 and Liberty Mutual policy RG2641004218033 and related underwriting documentation; the MWRA EBBS Contract and Insituform communications with Liberty Mutual and American Home regarding the Claim.

C. Insituform has suffered monetary damages as a result of: American Home's breach of its duty to indemnify Insituform. While Insituform has sustained covered losses in excess of American Home's attachment point, the amount of the loss is still not known as the repair and replacement is ongoing. As a consequence of American Home's wrongful denial, Insituform has had to book the entire loss against earnings, thereby artificially driving down its fourth quarter earnings for 2003. Those damages, are not yet computated due to incomplete information.

D. Not Applicable.

INSITUFORM TECHNOLOGIES, INC.

By: 

Stanley A. Martin
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10 St. James Avenue
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(617) 523-2700

Of counsel

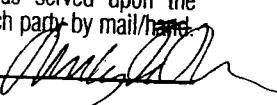
Charles L. Philbrick
Holland & Knight LLP
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(312) 263-3600

Dated: May 4, 2004

1832367_v2

CERTIFICATE OF SERVICE

I hereby certify that on this day a true copy of the above document was served upon the attorney of record for each party by mail/hand.

Date: May 4, 2004 

EXHIBIT

B

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

INSITUFORM TECHNOLOGIES, INC.,)	
)	
Plaintiff,)	
)	
v.)	CASE NO. 04-10487 GAO
)	
AMERICAN HOME ASSURANCE)	
COMPANY,)	
)	
Defendant.)	
)	

**DEFENDANT AMERICAN HOME ASSURANCE COMPANY'S
SECOND REQUEST FOR PRODUCTION OF DOCUMENTS**

Pursuant to Fed. R. Civ. P. 26 and 34, defendant American Home Assurance Company ("American Home") hereby requests that Plaintiff Insituform Technologies, Inc. ("Insituform") produce for inspection, copying and examination all documents and other tangible items that are in the possession, custody, or control of Insituform and are responsive to the following requests. Pursuant to Fed. R. Civ. P. 34(b), within thirty (30) days after being served with these requests, Insituform is also required to serve upon American Home written responses to these requests.

DEFINITIONS AND INSTRUCTIONS

The following definitions and instructions apply to all document requests:

1. The term "communication" means the transmittal of information (in the form of facts, ideas, inquiries, or otherwise).
2. The term "concerning" means referring to, describing, evidencing, or constituting.

3. The term "document" is defined to be synonymous in meaning and equal in scope to the usage of this term in Fed. R. Civ. P. 34(a). A draft or non-identical copy is a separate document within the meaning of this term.

4. The term "person" is defined as any natural person or any business, legal, or governmental entity or association.

5. The terms "Insituform," "you," and "yours" mean Plaintiff Insituform Technologies, Inc., including its officers, directors, employees, agents, representatives, and any person acting on its behalf.

6. The term "American Home" means Defendant American Home Assurance Company, including its officers, directors, employees, agents, representatives, and any person acting on its behalf.

7. The term "Liberty Mutual" means Liberty Mutual Insurance Company, including its officers, directors, employees, agents, representatives, and any person acting on its behalf.

8. The term "Complaint" means the Complaint filed by Insituform against American Home in this action.

9. The term "American Home Policy" means the excess umbrella liability policy, Policy No. BE 3206923, issued by American Home to Insituform for the period July 1, 2003 to July 1, 2004, as alleged in Paragraph 11 of the Complaint.

10. The term "Liberty Mutual Policy" means the primary comprehensive general liability policy, Policy No. RG2-641-004218-033, issued by Liberty Mutual to Insituform for the period July 1, 2003 to July 1, 2004, as alleged in Paragraph 9 of the Complaint.

11. The term "MWRA Claim" means the claim made by the Massachusetts Water Resources Authority ("MWRA") against Insituform to repair and replace the defective liner, as alleged in Paragraphs 1 and 19 of the Complaint.

12. The singular shall include the plural, and the plural shall include the singular.

13. "And" and "or" shall be construed as disjunctive or conjunctive as the context requires.

14. Your responses to these interrogatories are subject to the requirements of supplementation contained in Fed. R. Civ. P. 26(e)(2).

15. Unless otherwise specified, the time period encompassed by this set of document requests shall be from January 1, 2003 to the present.

16. If you maintain that any responsive document has been destroyed, please identify the document and state the date of destruction, the reason, and by whom the document was destroyed.

17. If any documents are redacted or are not produced based on a claim of privilege or any other grounds, identify the document or information being withheld or redacted and the basis for the privilege or other grounds with sufficient particularity to permit American Home to move compel production (without redactions) of such documents, including but not limited to the author, recipient, subject matter, document type and number of pages.

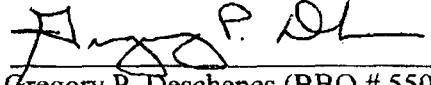
REQUESTS

1. All documents concerning communications that Insituform submitted to or filed with the United States Securities and Exchange Commission concerning MWRA Contract #6840, the MWRA Claim or this litigation, including but not limited to Annual Reports to stockholders, 10-K, 10-Q and 8-K reports, and proxy statements.

2. Insituform's Annual Reports, Stockholder Letters, Financial Highlights, and Financial Reviews for the years 2003 through the present.
3. All documents concerning communications between Insituform and its accounting firm or auditors concerning MWRA Contract #6840, the MWRA Claim or this litigation.
4. All documents concerning communications between Insituform and institutional investors, financial analysts or shareholders concerning MWRA Contract #6840, the MWRA Claim or this litigation.
5. All documents concerning communications between Insituform and experts who Insituform retained concerning MWRA Contract #6840, the MWRA Claim or this litigation.

AMERICAN HOME ASSURANCE COMPANY,

By its attorneys,

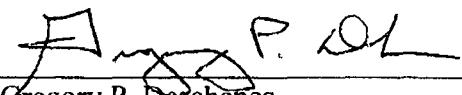


Gregory P. Deschenes (BBO # 550830)
Gregg A. Rubenstein (BBO # 639680)
Nixon Peabody LLP
100 Summer Street
Boston, MA 02110-2131
(617) 345-1000

Dated: May 25, 2006

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the above document was served upon the attorney of record for the other party by mail on May 25, 2006.



Gregory P. Deschenes

EXHIBIT

C

<p style="text-align: right;">Page 5</p> <p>1 Larry Mangels signed by me for September 15th and we're 2 -- signed on September 15th, I apologize, and we're 3 here today. Do you know whether we're here today in 4 response to that notice, Mr. Mangels?</p> <p>5 A. I'm sorry, say it --</p> <p>6 Q. I'm sorry. Do you know whether we're here 7 today in response to the notice?</p> <p>8 A. No, I don't.</p> <p>9 MR. PHILBRICK: Objection to the foundation, 10 but we are, indeed, here on behalf of your notice of 11 deposition.</p> <p>12 BY MR. MULLEN:</p> <p>13 Q. Mr. Mangels, I'd like just to direct your 14 attention to the caption of the case, which is up at 15 the top, Insituform Technologies versus American Home, 16 just to restate what I stated earlier, I'm going to be 17 asking you questions in connection with that case. Do 18 you understand that?</p> <p>19 A. Yes.</p> <p>20 Q. I want to ask you some questions about what 21 you did to prepare for today's deposition. What did 22 you do to prepare for today's deposition?</p> <p>23 A. I, basically, looked at the four volumes of 24 documentation that support the financial claim of</p>	<p style="text-align: right;">Page 7</p> <p>1 Q. And where did you go?</p> <p>2 A. Graduated undergraduate from Southwest 3 Missouri State University.</p> <p>4 Q. And when did you graduate from there?</p> <p>5 A. 1979.</p> <p>6 Q. What was your degree in?</p> <p>7 A. Accounting.</p> <p>8 Q. Bachelor of science?</p> <p>9 A. Bachelor of science in accounting.</p> <p>10 Q. What did you do after leaving college?</p> <p>11 A. I went to work for the State of Missouri in 12 the Division of Family Services for two years as an 13 auditor.</p> <p>14 Q. And what were your responsibilities as an 15 auditor?</p> <p>16 A. I was just staff auditor going out auditing 17 nursing home and people that were getting federal and 18 state money.</p> <p>19 Q. You did that from 1979 to --</p> <p>20 A. Around 1981. Then I went to work for 21 Continental Baking Company.</p> <p>22 Q. And what did you do for Continental?</p> <p>23 A. Accounting supervisor in the beginning. I 24 was with them for 14 years.</p>
<p style="text-align: right;">Page 6</p> <p>1 Insituform.</p> <p>2 Q. Now, are you referring to the four binders 3 which are labeled ITI-AIG 1 through 2608?</p> <p>4 A. Yes.</p> <p>5 Q. Did you do anything else to prepare for 6 today's deposition?</p> <p>7 A. No.</p> <p>8 Q. Did you look at any other documents?</p> <p>9 A. No.</p> <p>10 Q. Did you meet with anyone in preparation for 11 your deposition?</p> <p>12 A. I met with Mr. Philbrick yesterday.</p> <p>13 Q. Okay. And how long did you meet with Mr. 14 Philbrick for?</p> <p>15 A. Probably around three or four hours.</p> <p>16 Q. And was anyone else with you at your 17 deposition, sir, --</p> <p>18 A. No.</p> <p>19 Q. -- preparation meeting?</p> <p>20 And the only documents you looked at were the 21 documents ITI-AIG 1 to 2608?</p> <p>22 A. Yes.</p> <p>23 Q. Okay. Did you go to college, Mr. Mangels?</p> <p>24 A. Yes, I did.</p>	<p style="text-align: right;">Page 8</p> <p>1 Q. So, up until about 1995?</p> <p>2 A. Yeap. Yes.</p> <p>3 Q. And what did do you as an accounting 4 supervisor?</p> <p>5 A. Managed several -- several different areas, 6 was either accounts receivable or route accounting area 7 or cost accounting area.</p> <p>8 Q. And did your job ever change?</p> <p>9 A. Yeah, I had -- I held several different jobs 10 at Continental Baking over those 14 years from 11 accounting supervisor to capital analyst to bakery 12 controller to division accounting manager in the end.</p> <p>13 Q. I'm sorry, what was the last position that 14 you had?</p> <p>15 A. Division accounting manager.</p> <p>16 Q. And what did you do as division accounting 17 manager?</p> <p>18 A. Worked with the bakery controllers in that 19 particular division, helped them with the reporting, 20 sat in if we were short a controller. I would go out 21 and serve as the controller in the bakery.</p> <p>22 Q. How many controllers did you oversee?</p> <p>23 A. It varied, but it was probably from four to 24 six.</p>

Page 9	Page 11
1 Q. And where did you go from Continental Baking? 2 A. I went to work for Ralston Purina, their 3 international division. 4 Q. And what did you do in the international 5 division at Ralston Purina? 6 A. I was financial analyst for about six months 7 and then that division spun off to a company named Agri 8 Brands International and I was there for three years as 9 the director of corporate accounting. 10 Q. So, that's through about 1998? 11 A. Through 2001. From '98 to 2001, I guess. 12 Q. I'm sorry. Might be bit of a gap there. 13 A. It was three years. So, I was at Continental 14 till '98. 15 Q. '98? 16 A. Yeah. 17 Q. I apologize to the extent that my adding up 18 the numbers may have thrown you off a bit. 19 And what did you do for Agri Brands 20 International? 21 A. Director of corporate accounting. 22 Q. And what did that entail? 23 A. That entailed all the internal reporting 24 associated with that company, management reporting,	1 what we called it, but -- 2 Q. And how long were you an area controller? 3 A. Around two years. 4 Q. Okay. And what did you do after that? 5 A. I was director of finance for North America, 6 which is my current role. 7 Q. And what does the direct of finance for North 8 America's job entail? 9 A. Currently there's three area controllers that 10 report in to me. We're responsible for the financial 11 reporting, safeguarding of the assets, working with the 12 operations team. 13 Q. Okay. And what are the three area 14 controllers? What are the three areas? 15 A. What are they? Okay. There's the west, the 16 south, and the north. 17 Q. And how many people do you oversee in your 18 position? 19 A. Direct reports? There's five direct reports. 20 Q. And these are the five of the three area 21 controllers? 22 A. Three area controllers, a manufacturing 23 controller, and a financial analyst. 24 Q. And who's your supervisor, Mr. Mangels?
Page 10	Page 12
1 supervised four accounting people in the accounting 2 department. 3 Q. And where did you go from Agri Brands 4 International? 5 A. To Insituform Technologies. 6 Q. And that was in 2001? 7 A. 2001, yes. 8 Q. And what was your position at Insituform? 9 A. Started there as an area controller. 10 Q. What does an area controller do? 11 A. Responsible for all the contracting and 12 finance for a particular area of the country. I had 13 the southeast portion of the United States. 14 Q. Is that called the southeast area? 15 A. It was back then. I mean, we've restructured 16 since then, but it was the southeast back then. 17 Q. And at that time how many different areas did 18 Insituform have? 19 A. Six. 20 Q. And what were those areas? 21 A. Southeast, southwest, west, Canada, midwest, 22 and north. 23 Q. 24 A. It was either north or northeast, I forgot	1 A. I report to the corporate controller. 2 Q. And who is that? 3 A. David Martin. 4 Q. Has the person you report to ever changed? 5 Well, let's take it this way: Since you've 6 been the director of finance has the person you've 7 reported to ever changed? 8 A. Yes, David Martin was -- I did not report to 9 David when I first took the role. 10 Q. How long have you been reporting to Mr. 11 Martin since? 12 A. It's been two years. 13 Q. Okay. And who was it prior to that? 14 A. I think one time I reported right to the CFO. 15 Q. And who is that? 16 A. Back then it was a gentleman named Joe White. 17 Q. All right. Mr. Mangels, what is Insituform 18 in the business of? 19 A. We are in the business for rehabing 20 underground sewer pipes and storm drains. 21 Q. Anything else? 22 A. We also have a tunneling division that they 23 create new tunnels, drill new tunnels, and another 24 division United Pipe Laying Services, that relines the

Page 13	Page 15
1 inside of gas and oil pipes.	1 Q. Do you know how bids for sewer pipe
2 Q. Mr. Mangels, you mentioned earlier your	2 rehabilitation are undertaken?
3 undergraduate degree. Do you have any other degrees?	3 A. I know they have an estimating program that
4 A. Yes, I have an MBA.	4 the estimators and project managers work together on
5 Q. And when did you get that?	5 developing the estimate, but that's the extent of my
6 A. 1988.	6 knowledge.
7 Q. And where did you get that from?	7 Q. Does your department have any involvement --
8 A. St. Louis University.	8 A. No.
9 Q. And what is that degree in, did you say?	9 Q. Do you understand that Insituform for this
10 A. MBA with an emphasis in finance.	10 project was a subcontractor?
11 Q. I apologize.	11 A. Yes.
12 And did you get that going part time?	12 Q. And do you know who it was a subcontractor
13 A. At night, right.	13 for?
14 Q. Okay. Mr. Mangels, we're here today to	14 A. D'Allessandro.
15 discuss Insituform's work for the East Boston branch	15 Q. And it's your understanding that Insituform
16 sewer. What's your understanding of that project?	16 was responsible for -- could you say, again, what your
17 A. With?	17 understanding -- what Insituform --
18 Q. What is your understanding of what Insituform	18 A. We were to reline a little over 5,000 feet of
19 initially was responsible for doing?	19 new sewer pipe -- sewer or storm water, I'm not sure
20 A. We were to rehab -- I -- I don't know the	20 which it was.
21 exact -- it was around 5,000 feet of pipe in Boston.	21 Q. And do you know whether Insituform was going
22 Q. And do you know the owner? Who owned that	22 to reline that using cured in-place piping?
23 pipe?	23 A. Yes.
24 A. No.	24 Q. And is that also referred to as CIPP?
Page 14	Page 16
1 Do I personally know him or --	1 A. Yes.
2 Q. Did you understand it was for the	2 Q. What is cured in-place piping?
3 Massachusetts Water Resources Authority?	3 A. It's a combination of felt -- we take fiber,
4 A. Yes.	4 make it into a felt, and then impregnate it with resin
5 Q. Okay. This was pursuant to contract number	5 and chemicals.
6 6840. Do you know that?	6 Q. And then?
7 A. I don't know that.	7 A. And then it's actually cured, put into the
8 Q. Is it okay if I refer to the Massachusetts	8 pipe and cured in place. That's why --
9 Water Resources Authority as the MWRA?	9 Q. And then do you know how that's done?
10 A. Yes.	10 A. Technically, no. Layman's terms the resin
11 Q. How did you become aware of Insituform	11 has chemicals in it that are heat activated. When it
12 working for the MWRA?	12 reaches a certain temperature the resin hardens.
13 A. I'm sure it came up in discussions early on,	13 Q. And what's the end result?
14 you know. I heard that we had problems on a job in	14 A. It's a pipe inside of a pipe. Very hard
15 Boston.	15 plastic pipe inside of a pipe.
16 Q. So, the first time you heard about it was	16 Q. And do you know what the advantages are of
17 when there were problems on this job in Boston?	17 CIPP?
18 A. Yeah.	18 A. It's cost effective versus digging up a pipe
19 Q. Okay. Were you involved at all in preparing	19 and replacing it.
20 the initial bid for this work?	20 Q. Trenchless technology?
21 A. No.	21 A. Yes.
22 Q. Is that part of your job responsibility for	22 Q. Do you know what Insituform's initial bid was
23 other projects, preparing bids?	23 for the MWRA project?
24 A. No.	24 A. It was right around one million dollars.

1 Q. Do you know if it was \$1,475,000? 2 A. That sounds close. I don't know the exact 3 number, but -- 4 Q. Mr. Mangels, do you know what type of profit 5 margin was built into Insituform's bid? 6 A. I do not know that answer. 7 Q. Do you know whether Insituform was paid the 8 full contract price for its work on that project? 9 A. Yes. 10 Q. The initial one million dollars? 11 A. Right. 12 Q. Give or take? 13 A. Yes. 14 Q. And it was? 15 A. Yes. 16 Q. Okay. And you testified earlier that you're 17 personally not involved in putting together a bid for 18 this type of work? 19 A. Correct. 20 Q. Do you know who was responsible for putting 21 together the bid for this? 22 A. I don't know who put it together. 23 Q. Okay. But in general you testified that it's 24 an estimator?	1 Q. Mr. Mangels, do you know whether today the 2 bid process is any different than it was in late 3 December 2002? 4 A. I don't know the answer to that. 5 Q. Do you know who would know the answer to 6 that? 7 A. Can I ask for clarification? When you say 8 bid, do you mean the estimate process. 9 Q. The estimate process, I'm sorry. 10 A. Okay. Doug Thomas. 11 Q. Mr. Mangels, do you know whether the bid 12 process varies by region or is that something that's 13 standard within the company for all regions? 14 A. I don't know the answer to that. 15 Q. Okay. Do you have any understanding about 16 the state of the pipe rehabilitation market in December 17 2002? 18 A. No. 19 Q. Don't know whether it was a tight market or a 20 soft market? 21 A. I -- I don't know that, no. 22 Q. Do you know who would know the answer to 23 that? 24 A. Probably somebody in our sales and marketing
1 A. I'm sure it was the estimator and the project 2 manager in New England. I just don't know who that was 3 though. 4 Q. And do you know whether there's any person 5 within Insituform that they need to get approval from 6 or what's the process from the initial estimate being 7 put together in New England? 8 MR. PHILBRICK: I'm going to object to 9 foundation. 10 The witness may answer if he can. 11 THE WITNESS: Projects over a hundred thousand 12 dollars have to be approved by corporate. 13 BY MR. MULLEN: 14 Q. Do you know who in corporate in 2000 -- 15 December 2002 had to approve the project like that? 16 A. Doug Thomas. 17 Q. And what was Mr. Thomas' role at that time? 18 A. He was a vice president in reviewing all 19 projects over a hundred thousand dollars. 20 Q. Do you know if Mr. Thomas is still at 21 Insituform? 22 A. Yes, he is. 23 Q. And do you know his current position? 24 A. Still in the same role.	1 group. I don't know. 2 Q. What region of Insituform is Boston in? 3 A. The northeast. 4 Q. And do you know whether the northeast region 5 for rehabilitation piping was a softer type market in 6 December 2002? 7 A. I don't know. 8 Q. Do you know whether the strength of 9 Insituform's business pipe for rehabilitation varies by 10 region? 11 Put another way, do you know if they're 12 stronger in some regions of the country than others? 13 A. Yes. 14 Q. Do you know what regions they're strong in? 15 MR. PHILBRICK: The question calls for a yes 16 or no answer. 17 THE WITNESS: No. 18 BY MR. MULLEN: 19 Q. Do you know what regions they're weak in? 20 A. No. 21 Q. And do you know what regions they were either 22 strong or weak in late 2002? 23 A. No. 24 Q. Do you know who might know the answer to that

Page 21	Page 23
1 question? 2 A. No. 3 Q. Mr. Mangels, do you know how many sales reps 4 Insituform employed in late December 2002? 5 A. No. 6 Q. Do you know whether Insituform had 7 approximately doubled its sales force for pipe 8 rehabilitation since that time? 9 MR. PHILBRICK: Excuse me, could you read back 10 that question, please. 11 WHEREUPON, THE PREVIOUS QUESTION WAS READ BACK BY THE 12 COURT REPORTER. 13 MR. PHILBRICK: Okay. Witness may answer if 14 he can. 15 THE WITNESS: No, I don't know. 16 BY MR. MULLEN: 17 Q. Turning to the MWRA project itself, do you 18 know when Insituform began installing the liner? 19 A. It was in the summer of 2003. 20 Q. And do you know when the liner was finished? 21 A. It was late summer or early fall of 2003. 22 Q. And do you know that the MWRA rejected 23 Insituform's work? 24 A. Yes.	1 A. Yes. 2 Q. And he was the controller for the northeast 3 region? 4 A. Yes. 5 Q. And when did Mr. Campanile leave the company? 6 A. In August of 2006. 7 Q. And how long had he been with Insituform; do 8 you know? 9 A. Just under three years. 10 Q. So, from approximately fall 2003? 11 A. Yes. 12 Q. And would Mr. Campanile's responsibilities 13 have included gathering the cost for the MWRA claim 14 since the beginning? 15 A. Yes. 16 Q. And Mr. Campanile reported to you? 17 A. Yes. 18 Q. Do you have a controller for the northeast 19 region now? 20 A. No. 21 Q. Still an open position? 22 A. No, we've consolidated under another 23 controller for the north. It's the north area now. 24 Q. What territory was within Mr. Campanile's
1 Q. Do you know when that was? 2 A. I don't know the exact date, no. 3 Q. Do you know generally when it was? 4 A. I'm sure it was in the fall or early winter 5 of 2003. 6 Q. And Mr. Mangels, most of my questions today 7 are going to address the cost documentation and the 8 cost associated with the claim that Insituform is 9 bringing against American Home. 10 Did your responsibilities as director of 11 finance include responsibility for the cost that 12 Insituform claims that it's incurred with this 13 contract? 14 A. I oversee that area, yes. 15 Q. And for clarity, the contract I was referring 16 to is the MWRA contract. 17 Is there someone more directly involved? 18 A. The controller for the northeast was more 19 involved. 20 Q. You said that person recently changed? 21 A. He is no longer with the company. 22 Q. And who was that person? 23 A. Nick Campanile. 24 Q. Is that C-A-M-P-A-N-I-L-E?	1 responsibility as northeast controller? 2 A. Essentially, northeast section of the United 3 States from Virginia on north over through Ohio. 4 Q. So, Mr. Mangels, your job as director of 5 finance includes overseeing cost documentation? 6 Does it include cost documentation? 7 A. Yes. 8 Q. What method have you used to organize these 9 costs? 10 A. For this particular -- 11 Q. For this claim, I'm sorry. 12 A. Okay. We've, essentially, isolated costs for 13 labor, materials, equipment, and subcontract. 14 Q. And that's been broken into two phases? 15 A. Two phases, yes. 16 Q. Okay. And do you have any understanding of 17 what occurred in Phase I? 18 A. We replaced, I believe five -- five of the 19 six shot segments in Phase I. 20 Q. And do you have any understanding of what 21 occurred in Phase II? 22 A. Replaced the last segment. 23 Q. The shot that hadn't been replaced in Phase 24 I? ^

1 A. Correct. Correct. 2 Q. Other than Mr. Campanile, does anyone else 3 assist you with documenting the costs for MWRA's claim 4 against American Home? 5 A. No. 6 Q. Mr. Mangels, I had hoped to introduce as my 7 first exhibit the four cost binders that we had 8 referred to earlier today that are marked ITI-AIG 1 9 through 2608. Unfortunately, I was informed prior to 10 today's deposition that these documents were not being 11 able to be sent, because of inclement weather by the 12 overnight delivery system that we selected and I 13 apologize for that. 14 I did bring down some other documents that 15 are being copied now that I'd like to show you that are 16 portions of these documents. I just don't have them 17 now. So, I did want to, you know, apologize to you 18 right now and say that I'll do the best I can to -- 19 A. Okay. 20 Q. -- get testimony on these costs, so we don't 21 have to suspend the deposition and bring you back so -- 22 but you're familiar with the documents in 1 to 2608 23 that are Bates prefix ITI-AIG? 24 A. Yes.	Page 25 1 and that is -- 2 Q. I'm sorry. 3 A. Okay. 4 Q. I may have asked an unclear question. 5 You testified you believe that Insituform 6 began removing and replacing these shots in late 2004; 7 is that right? 8 A. 2003. 9 Q. 2003. I'm doing it too. 10 But Insituform has begun, started the clock, 11 so to speak, on Phase I late September early October of 12 2003; is that right? 13 A. Yes. 14 Q. So, do you know whether the cost incurred 15 late September early October until the end of 2003 when 16 it began removing and replacing this, are those costs 17 not related to the removal and replacement? 18 A. No, those costs are related to the removal 19 and replacement. 20 Q. How is that? 21 A. Before we tried to remove it all we tried to 22 repair it, that's what those costs are for. That was 23 not acceptable from my understanding. 24 Q. So, it's your understanding that the costs
Page 26 1 Q. Okay. Is it fair to state that the material 2 that's in there provides Insituform's support for its 3 claim against American Home? 4 A. Yes. 5 Q. Okay. Mr. Mangels, the Phase I cost that 6 Insituform has presented do you know when the invoices 7 run from? When they start from? 8 A. In the general time frame is September of '04 9 -- of 03 to June, July of '04. 10 Q. Okay. I think the beginning date may 11 actually be right at the beginning of October, but do 12 you know why that date was selected? 13 A. Because we started from when we were done 14 with the initial installation. 15 Q. Do you know when Insituform began to remove 16 and replace five of the six shots in Phase I? 17 A. It was late 2003, early 2004. 18 Q. So, is it fair to say that Insituform is 19 claiming costs in connection with Phase I that predate 20 its removal and replacement of these shots? 21 A. No. 22 Q. Why is that not accurate? 23 A. I mean, I understood your question to be that 24 we were including costs from the initial installation	Page 26 Page 28 1 from, let's say the beginning of October of 2003 to 2 whenever Insituform began removal and replacement, 3 those costs were related to efforts to repair the 4 existing pipe? 5 A. Yes. 6 Q. Do you know what efforts Insituform 7 undertook? 8 A. I don't know the exact efforts. 9 Q. Do you know who would know the answer to 10 that? 11 A. I'm sure someone in our operations group 12 would. 13 Q. Now, Mr. Mangels, you had said that in 14 addition to Phase I and Phase II Insituform had further 15 organized its costs that it's seeking from American 16 Home; do you recall that? 17 A. Say that again. I'm not sure I understand 18 your question. 19 Q. Has Insituform further broken down beyond 20 Phase I and Phase II costs its categories of costs? 21 A. Yes. 22 Q. Those include payroll? 23 A. Includes labor, equipment, material, and 24 other costs.

<p style="text-align: right;">Page 29</p> <p>1 MR. MULLEN: Okay. I think now might be a 2 time to take a good quick break and just check on the 3 status of those documents.</p> <p>4 WHEREUPON, THE PARTIES TOOK A SHORT BREAK, SUBSEQUENT 5 TO WHICH THE FOLLOWING PROCEEDINGS WERE MADE OF RECORD:</p> <p>6 BY MR. MULLEN:</p> <p>7 Q. Mr. Mangels, I've asked the court reporter to 8 mark as Defendant's Exhibit 2 a May 22d, 2006 letter 9 from Chris Campos to Mr. Philbrick.</p> <p>10 MR. MULLEN: Charlie, I should let you know 11 that I took this from your filings for your 12 cross-motion for summary judgment. And I note that it 13 goes up to page 10 of 16.</p> <p>14 MR. PHILBRICK: Okay.</p> <p>15 MR. MULLEN: The other documents were Mr. 16 Campos' CV and list of cases that he's testified in.</p> <p>17 MR. PHILBRICK: Oh, I see.</p> <p>18 MR. MULLEN: So, that's where the discrepancy 19 comes from in that.</p> <p>20 BY MR. MULLEN:</p> <p>21 Q. I'd like you to take a look at that. Take as 22 much time as you need.</p> <p>23 A. Okay.</p> <p>24 Q. Have you seen this report before?</p>	<p style="text-align: right;">Page 31</p> <p>1 trenchless technology?</p> <p>2 A. I don't know that.</p> <p>3 Q. Okay. Or the costs associated with 4 trenchless technology?</p> <p>5 A. I don't know.</p> <p>6 Q. Okay. And do you know whether Mr. Campos was 7 asked to analyze whether Insituform's claim against 8 American Home was reasonably related to the 9 remediation?</p> <p>10 A. I don't know that as fact.</p> <p>11 Q. Do you have an opinion on that?</p> <p>12 A. That seems reasonable to me.</p> <p>13 Q. Do you know whether Mr. Campos was asked to 14 evaluate whether Insituform's costs were too high or 15 too low?</p> <p>16 A. I don't know that.</p> <p>17 Q. Have you ever spoken with Mr. Campos?</p> <p>18 A. I was on one phone call with him.</p> <p>19 Q. And when was that?</p> <p>20 A. It was this summer some time.</p> <p>21 Q. Summer of 2006?</p> <p>22 A. Yes.</p> <p>23 Q. Was it a conference call?</p> <p>24 A. Yes.</p>
<p style="text-align: right;">Page 30</p> <p>1 A. Yes.</p> <p>2 Q. What is it?</p> <p>3 A. It's a report prepared by someone that 4 reviewed our claim.</p> <p>5 Q. And that's Chris Campos?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. How many times have you seen this 8 report?</p> <p>9 A. Once.</p> <p>10 Q. And when was that?</p> <p>11 A. Couple weeks ago.</p> <p>12 Q. Okay. What was the reason for your reviewing 13 the report a couple weeks ago?</p> <p>14 A. Just to understand what Mr. Campos has said 15 in his report. I had never seen it before.</p> <p>16 Q. And what is your understanding of Mr. Campos' 17 role with respect to this litigation?</p> <p>18 A. He reviewed our claim.</p> <p>19 Q. And checked certain costs as it --</p> <p>20 A. Yes. Yes.</p> <p>21 Q. And what is your understanding of Mr. Campos' 22 background?</p> <p>23 A. I don't know much about him. He's a CPA.</p> <p>24 Q. Do you know whether he's an expert on</p>	<p style="text-align: right;">Page 32</p> <p>1 Q. Who else was on that call?</p> <p>2 A. I know Nick Campanile was on there. Bob 3 Kelley. That's all I know for sure.</p> <p>4 Q. Can't remember anybody else?</p> <p>5 A. (Indicated no.)</p> <p>6 Q. And who's Mr. Kelley?</p> <p>7 A. He's an attorney for Insituform.</p> <p>8 Q. An in-house attorney?</p> <p>9 A. Yes.</p> <p>10 Q. And do you know Mr. Kelley's responsibilities 11 with respect to Insituform's claim against American 12 Home?</p> <p>13 A. He has been working with our outside 14 counsel. I don't know his entire involvement, though.</p> <p>15 Q. And what was discussed during that conference 16 call?</p> <p>17 A. It was -- the costs that were developed for 18 our claim was discussed.</p> <p>19 Q. Do you recall Mr. Campos stating that some of 20 the costs in this claim should not be included in the 21 claim?</p> <p>22 A. He had concerns with some of the fixed costs.</p> <p>23 Q. What do you mean by fixed costs?</p> <p>24 A. Costs that we would incur even if we wouldn't</p>

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<p>1 have done a particular job. Costs that are there no 2 matter what.</p> <p>3 Q. Which fixed costs did Mr. Campos identify as 4 having concerns about?</p> <p>5 A. It was mainly in the equipment area.</p> <p>6 Q. And that's the equipment burden portion of --</p> <p>7 A. Yes.</p> <p>8 Q. -- Insituform's claim?</p> <p>9 Do you know whether he had expressed more of 10 a concern as to Phase I or Phase II?</p> <p>11 A. I don't know that.</p> <p>12 Q. And do you know which fixed costs he had 13 concerns about, which specific fixed costs?</p> <p>14 A. No, I don't.</p> <p>15 Q. What is a variable cost?</p> <p>16 A. Variable cost is a cost that you will only 17 incur if you do another unit of production.</p> <p>18 Q. So, in the context of Insituform's claim 19 against American Home is it fair to say that a variable 20 cost is -- what would be an example of a variable cost?</p> <p>21 A. Variable cost. An example would be the tube, 22 the cost of the tube.</p> <p>23 Q. In the sense that you are making another 24 tube?</p>	<p>1 had differing conclusions as to what was a fixed cost?</p> <p>2 A. No, I don't know.</p> <p>3 Q. Do you know who would know that?</p> <p>4 A. No.</p> <p>5 Q. Did you ever send or receive any e-mails from 6 Mr. Campos?</p> <p>7 A. No.</p> <p>8 Q. Were you ever copied on any e-mails sent or 9 received from Mr. Campos?</p> <p>10 A. I don't believe so.</p> <p>11 Q. Do you know how costs were submitted to Mr. 12 Campos for his analysis?</p> <p>13 A. Yes.</p> <p>14 Q. How were they?</p> <p>15 A. I mean, the four binders were given to him.</p> <p>16 Q. Do you know if he reviewed any other 17 documents?</p> <p>18 A. I don't know.</p> <p>19 Q. And do you know whether there were any memos 20 memorializing this conference call?</p> <p>21 A. No, I don't believe there was.</p> <p>22 Q. Do you recall taking any notes during the 23 conference call?</p> <p>24 A. I probably took notes. I usually do that.</p>

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<p>1 A. We're making a tube that is specific for that 2 job that we're using on that job.</p> <p>3 Q. More generally, a variable cost would be one 4 that Insituform is spending only because it has to do 5 work on the MWRA claim; is that right?</p> <p>6 A. Yes.</p> <p>7 Q. In layman's terms?</p> <p>8 A. Right.</p> <p>9 Q. Is there another description you prefer?</p> <p>10 A. No. No.</p> <p>11 Q. Did Insituform do a fixed versus variable 12 cost comparison for equipment burden?</p> <p>13 A. No.</p> <p>14 Q. It didn't do one at all to the best of your 15 knowledge?</p> <p>16 A. No.</p> <p>17 Q. Would it be possible for Insituform to do 18 that type of comparison?</p> <p>19 A. It would be difficult and subjective.</p> <p>20 Anything is possible though.</p> <p>21 Q. What would make it difficult?</p> <p>22 A. Identifying what is fixed and what is 23 variable in the equipment area.</p> <p>24 Q. Do you know whether Insituform and Mr. Campos</p>	<p>1 Q. Do you keep those notes?</p> <p>2 A. Sometimes I do.</p> <p>3 MR. MULLEN: Mr. Philbrick, I'd like to 4 request Mr. Mangels' notes on this conference call.</p> <p>5 MR. PHILBRICK: Why?</p> <p>6 MR. MULLEN: Because I believe that they are 7 relevant with discovery of admissible evidence.</p> <p>8 MR. PHILBRICK: You haven't established any 9 foundational basis for me to produce them.</p> <p>10 MR. MULLEN: I've made my request on the 11 record.</p> <p>12 MR. PHILBRICK: Okay. I'll take it under 13 advisement.</p> <p>14 MR. MULLEN: Thank you.</p> <p>15 BY MR. MULLEN:</p> <p>16 Q. Do you know whether Mr. Campos expressed any 17 concerns about other fixed costs in other areas being 18 included in the MWRA claim?</p> <p>19 A. Oh, I believe he may have had some concerns 20 in the payroll burden area.</p> <p>21 Q. What did Insituform do in response to Mr. 22 Campos concerns with that, if you know?</p> <p>23 A. Nothing.</p> <p>24 Q. They didn't take any fixed costs out?</p>

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1 A. No.	1 your --
2 Q. So, those costs are still in the claim?	2 A. Yeah.
3 A. If they're fixed.	3 Q. -- policy is?
4 Q. When you say if they're fixed, is there some	4 A. Right.
5 room for subjectivity on what's a fixed cost and what's	5 Q. And I'd like to ask you the same questions
6 a variable cost with respect to labor?	6 with respect to general liability. Regardless of
7 A. Yes.	7 Insituform's work for the MWRA it would still have its
8 Q. In what way?	8 worker's compensation policy; is that correct?
9 A. Specifically in the worker's comp and general	9 A. That's true.
10 liabilities area I believe there is some subjectivity	10 Q. And would that policy premium be the same?
11 there.	11 A. I would imagine so, but I -- yes.
12 Q. Now, Insituform as part of its labor costs is	12 Q. Would the policy premium or general liability
13 including costs for general liability and worker's	13 be the same regardless of whether it worked on the MWRA
14 comp; is that correct?	14 claim?
15 A. Yes.	15 A. I don't know that for sure.
16 Q. Okay. And what does general liability refer	16 Q. Do you have any reason to doubt that it would
17 to?	17 be different?
18 A. It's general liability insurance.	18 A. No.
19 Q. So, Insituform's general liability insurance	19 Q. Is equipment depreciation a fixed cost in the
20 policy?	20 abstract?
21 A. Yes.	21 A. Yes.
22 Q. And is that the policy that covers the entire	22 Q. Is equipment depreciation included in
23 company?	23 Insituform's coverage claim against American Home?
24 A. Yes.	24 A. Yes.
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1 Q. For all regions?	1 Q. Same type of questions I asked you with
2 A. Yes.	2 respect to general liability and worker's compensation,
3 Q. And for all projects?	3 let me ask this question first: What is equipment
4 A. Yes.	4 depreciation?
5 Q. Okay. Isn't that a fixed cost?	5 A. It's an accounting method that takes the life
6 A. In total it is, yes.	6 when you pay for a vehicle and spreads it over the life
7 Q. I mean, put another way, regardless of	7 of the vehicle.
8 whether Insituform had the MWRA claim or did not it	8 Q. And this is done for tax reasons?
9 would still have its general liability insurance policy	9 A. It's done for accounting reasons and tax
10 cost; isn't that right?	10 reasons.
11 A. If we wouldn't have had that particular job,	11 Q. Oh, okay. And how is equipment depreciation
12 yeah. Yeah, that's just one job. That's true.	12 calculated?
13 Q. What is worker's compensation?	13 A. On a straight line method over five or seven
14 A. It's insurance.	14 years.
15 Q. Sorry. That was a vague question.	15 Q. So meaning, for instance, if it were a five
16 Insituform is claiming worker's compensation	16 year depreciation it would be depreciated 20 percent a
17 as part of the MWRA claim; is that correct?	17 year?
18 A. Yes.	18 A. Yes.
19 Q. What are those costs associated with?	19 Q. And seven years would be some smaller
20 A. Costs for worker's compensation.	20 fraction then?
21 Q. And that's the worker's compensation policy	21 A. Yes.
22 that covers all employees of the company?	22 Q. Okay. So, is it fair to say that Insituform
23 A. Yes.	23 was depreciating its equipment regardless of whether it
24 Q. For a given year or whatever the term of	24 had the MWRA claim?

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1	A. Yes.	1 include an aspect with respect to its warehouse?
2	Q. And Insituform, I believe it's in payroll	2 That's an unclear question. Let me see if I
3	burden, is also including its equipment insurance; is	3 can ask a clearer one.
4	that correct?	4 Is Insituform also claiming as part of its
5	A. That's in the equipment burden.	5 cost against American Home any costs related to the
6	Q. And taxes on the equipment?	6 operation of its warehouse in the northeast?
7	A. Yes.	7 A. Yes.
8	Q. Would that include things like registration	8 Q. What are those costs?
9	of the vehicles and --	9 A. Rent for the facility.
10	A. Yes.	10 Q. Do you know where that facility is?
11	Q. Do you know whether it would include anything	11 A. Charlton, Massachusetts.
12	else?	12 Q. It's not in East Boston?
13	A. (No response.)	13 A. No.
14	Q. Anything else falling under the category of	14 Q. Do you know how far Charlton is from East
15	taxes?	15 Boston?
16	A. No.	16 A. I don't know the exact mileage. It's between
17	Q. Would Insituform have incurred those costs	17 50 and a hundred miles.
18	regardless of the MWRA claim?	18 Q. Did Insituform rent this warehouse
19	A. Yes.	19 specifically for the MWRA project?
20	Q. Wouldn't that be a fixed cost?	20 A. No.
21	A. But there is a cost of having just a vehicle	21 Q. Do you know whether it still has that
22	out on the job site working everyday.	22 warehouse?
23	Q. Mr. Mangels, is it fair to say that if there	23 A. Yes.
24	was the MWRA claim that equipment would be somewhere	24 Q. So, regardless of whether it had the MWRA
	Page 42	
1	else on another project --	1 claim or not would Insituform still keep that
2	A. Yes.	2 warehouse?
3	Q. -- hopefully?	3 A. Yes.
4	And Insituform would continue to be incurring	4 Q. And it would still pay rent on it?
5	those costs?	5 A. Yes.
6	A. Yes.	6 Q. Would it still pay, barring any increase in
7	Q. Do you know whether Mr. Campos had any	7 rent, the same amount of rent regardless of whether it
8	concern with including those type of equipment costs in	8 had the MWRA claim?
9	Insituform's claim against American Home?	9 A. Yes.
10	A. I don't know the specifics of his issues.	10 Q. Isn't that a fixed cost?
11	Q. Do you know who might?	11 A. Yes.
12	A. I don't know.	12 Q. Mr. Mangels, I'd like you to turn to page two
13	Q. Would it be possible for Insituform to	13 of Defendant's Exhibit 2, which is Mr. Campos' letter
14	calculate the amount of depreciation that's currently	14 to Mr. Philbrick.
15	in its equipment burden cost against American Home?	15 Mr. Mangels, I'd actually like you to turn to
16	A. Yes.	16 page three of Mr. Campos' letter and I'd like to
17	Q. Is it possible for it to calculate its	17 discuss the portion that deals with payroll. And in
18	insurance for this equipment in its claim?	18 particular the second full paragraph of this page.
19	A. Yes.	19 Do you know whether Insituform's claim
20	Q. Same question with respect to taxes?	20 against American Home -- let me ask this: How is labor
21	A. Yes.	21 calculated?
22	Q. So, it's possible to calculate that as well?	22 A. That's a very vague question.
23	A. (Indicated yes.)	23 Q. Would you like me to --
24	Q. Does Insituform's equipment burden claim also	24 A. Yeah.
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1 Q. Insituform's claim includes wet-out labor; is 2 that correct? 3 A. In Phase I, yes, that's correct. 4 Q. In Phase I. 5 What is wet-out labor? 6 A. It's the labor associated in our wet-out 7 centers with impregnating the tube with the resin 8 before it goes out to the job site. 9 Q. And where is that done generally? 10 A. It's done in one of our wet-out facilities. 11 Q. And how many wet-out facilities does 12 Insituform have? 13 A. Seven. 14 Q. Do you happen to know which wet-out facility 15 was used for Phase I of the MWRA project? 16 A. I believe it was Lamont, Illinois. 17 Q. Illinois. 18 And do you know how gross pay was calculated 19 or is that something we should look at the other 20 documents? Do you know how gross pay was calculated? 21 A. For wet-out? 22 Q. For wet-out. 23 A. Just their hourly rate times the number of 24 hours they worked.	1 Q. Was there another rate as well for work that 2 they did while on site? 3 A. There's a prevailing wage in the state of 4 Massachusetts. 5 Q. And how is that calculated? 6 A. That's set by the state. 7 Q. And so, it's part of a public work contract 8 you have to pay that rate? 9 A. Yes. Yes. 10 Q. What were mobilization and demobilization 11 charged at? 12 A. Their regular hourly wages. 13 Q. The base yard rate, I believe that's called? 14 A. Yes. 15 Q. Okay. And what is mobilization? 16 A. That's the time spent to get the crew from 17 the yard to the job site. 18 Q. And what is demobilization? 19 A. Get from the job site back to the yard. 20 Q. How did Insituform calculate mobilization and 21 demobilization? 22 A. Based on the time spent getting from the yard 23 to the job site, the number of hours. 24 Q. How did Insituform determine what that was?
Page 46	Page 48
1 Q. And do you know where the gross rate category 2 for wet-out labor -- is that the amount that they were 3 paid, the employees? 4 A. Yes. 5 Q. So, there's no profit built into that? 6 Let me ask this question: Lawyers, for 7 instance, are paid a certain rate, but their clients 8 are billed another rate. Do you know whether that's -- 9 is that true for Insituform's calculation of gross pay? 10 A. That's not true. 11 Q. Okay. It's directly the money that was paid? 12 A. Yes. 13 Q. Okay. Now, for non-wet-out labor for Phase I 14 Insituform identified three pay types: Pay tape 100, 15 101, and 150; is that right? 16 A. Yes. 17 Q. What does code 100 represent? 18 A. That's regular pay. 19 Q. And are there different components of code 20 100? Was there a base pay, for instance, base yard 21 pay? 22 A. There's a base pay, yes. 23 Q. And what does that signify? 24 A. It's their regular hourly wage.	1 A. The crew superintendent makes that decision. 2 Q. And do the underlying employees have to fill 3 out a time sheet or -- 4 A. The crew superintendent fills out the time 5 sheet. 6 Q. For the entire crew? 7 A. Yes. 8 Q. And do you know how many people are on a 9 crew? 10 A. It varies by job. 11 Q. Do you know for the MWRA claim? 12 A. I do not know that. 13 Q. Do you know what the variations in crew 14 size -- 15 A. It could be from three to 12. 16 Q. Okay. Let's turn to page three of Mr. 17 Campos' letter to Mr. Philbrick. And I'll read this 18 into the record: "I was able to verify the hours for 19 work done on site. I was also able to verify the 20 mobilization/demobilization hours for weeks in which 21 the employees worked on only job number 160214. For 22 those weeks the total hours reflected in the "check 23 detail" section of the certified payroll registers 24 equated the total hours worked on site plus the hours

1 for mobilization/demobilization. However, I was not 2 able to verify mobilization/demobilization hours for 3 weeks during which the employees worked on more than 4 one job. This is due to the fact that the total hours 5 reflected in the "check detail" section of the 6 certified payroll registers included hours for all jobs 7 worked on the site (Not just job number 160214) as well 8 as all mobilization/demobilization hours for all jobs. 9 In any event, for those weeks, the total hours included 10 in the "check detail" was greater than the hours 11 claimed for project number 160214." 12 Mr. Mangels, do you know whether Mr. Campos 13 is saying that the hours Insituform's employees were 14 working only on Phase I the check registers reflected 15 all the hours including mobilization and 16 demobilization? 17 A. I don't know that. 18 Q. Okay. Now, what is the check detail section 19 that Mr. Campos is referring to? 20 A. That is a report that we use in when filing 21 certified payrolls to the state of Massachusetts. 22 Q. Is that an electronic form? Is it something 23 you fill out? 24 A. It's a report that comes out of our	Page 49 1 Subcontract cost is inputted through the 2 payable or payable system. 3 Equipment is done through the payable system, 4 unless it's depreciation, which is done through the 5 fixed asset -- automated fixed asset entry. 6 Q. What is it, the payable system? 7 A. Yes. 8 Q. What is that? 9 A. It's our accounts payable system that we use 10 to process invoices. 11 Q. And these are invoices you receive from 12 anybody? 13 A. Yes. 14 Q. Okay. Mr. Mangels, do you know how 15 mobilization and demobilization was calculated for 16 times when people were working on multiple projects 17 over the course of the day not just the MWRA project? 18 A. No, I don't. 19 Q. Do you know whether it would be possible to 20 calculate the hours that were specifically spent 21 mobilizing or demobilizing? 22 A. No. 23 Q. And just to go back, mobilization and 24 demobilization is charged at the base yard rate?
Page 50 1 accounting system. 2 Q. And what accounting system is that? 3 A. JD Edwards. 4 Q. Is that an in-house accounting -- 5 A. Yes. 6 Q. -- system? 7 A. Yes. 8 Q. Run by Oracle? 9 A. Yes. 10 Q. Is it fair to say that the numbers from the 11 JD Edwards system are only as good as the numbers that 12 are put into them initially? 13 A. Yes. 14 Q. Mr. Mangels, how was information inputted 15 into the JD Edwards system? 16 A. It varies depending on what is being 17 inputted. 18 Q. Okay. And how was it put in for the MWRA or 19 Phase I of the MWRA claim? 20 A. Are you speaking payroll or everything? 21 Q. Good question. Everything. 22 A. Well, it varies. Payroll is done through 23 time sheets, input through time sheets into the 24 system.	Page 52 1 A. Yes. 2 Q. Thank you. 3 MR. MULLEN: Let's take five or 10 minutes. 4 WHEREUPON, THE PARTIES TOOK A SHORT BREAK, SUBSEQUENT 5 TO WHICH THE FOLLOWING PROCEEDINGS WERE MADE OF RECORD: 6 BY MR. MULLEN: 7 Q. Mr. Mangels, I've asked the court reporter to 8 mark as Defendant's Exhibit 3 portions of the four cost 9 binders that Insituform has produced to American Home 10 in this matter. 11 I'll, again, apologize that the four full 12 binders themselves seem to be lost in transit 13 somewhere, because of inclement weather, but 14 fortunately that is the best I could do on short 15 notice. 16 Can I ask you to turn to page ITI-AIG 2. Mr. 17 Mangels, could you, please, describe what this document 18 is? 19 A. This is a total accumulation of our actual 20 cost on the EBBS Boston job. 21 Q. And this includes both Phase I and Phase II? 22 A. Yes. 23 Q. And if I go to the very bottom of the page 24 the total section does that reflect \$5,275,153.66 for